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## THE U.S. ECONOMIC OUTLOOK

ANNCR:

FORECASTERS RELY ON STATISTICS, EXPERIENCE AND A BIT OF INTUITION IN PROJECTING THE COURSE OF THE U.S. ECONOMY. VOA BUSINESS EDITOR FRANK FEINBERG LOOKS AT RECENT DEVELOPMENTS:

VOICE:

THE FACTS AND FIGURES SUGGEST THAT ALTHOUGH ECONOMIC EXPANSION IN THE UNITED STATES HAS SLOWED, IT NEVERTHELESS IS QUITE LIKELY THAT BUSINESS WILL IMPROVE APPRECIABLY IN THE YEAR'S FOURTH QUARTER, AND CONTINUE ITS GAIN NEXT YEAR.

THE CONSENSUS OF GOVERNMENT AND PRIVATE ECONOMISTS IS THAT THE MOMENTUM EXISTS FOR ECONOMIC GAINS IN THE MONTHS AHEAD, NO MATTER WHETHER MISTER FORD OR MISTER CARTER IS SWORN IN AS THE U.S. PRESIDENT NEXT JANUARY. (OPT) THE EVIDENCE SUGGESTS THAT ECONOMIC ACTIVITY WILL CONTINUE TO EXPAND, ALTHOUGH AT A RELATIVELY MODERATE RATE. (END OPT)

THE VIEW THAT RECOVERY WILL CONTINUE IS SHARED BY THE CURRENT CHAIRMAN OF THE PRESIDENT'S ECONOMIC COUNCIL ARTHUR GREENSPAN, AND A PAST CHAIRMAN UNDER PRESIDENT JOHNSON, ARTHUR OKUN. NEITHER SEES THE PROSPECT OF A BUSINESS BOOM AS STRONG AS EARLY THIS YEAR. BUT THEY DO SEE MODERATE GAINS IN BUSINESS FOR AT LEAST TWELVE MONTHS OR MORE.

EARLIER THIS YEAR, THE ECONOMY WAS MOVING UP RAPIDLY-- AT A TWELVE PER CENT HIGHER RATE THAN IN 1975. BUT THEN BY THE SUMMER SEASON, INDUSTRIAL OUTPUT SLOWED DOWN -- TO ABOUT SIX PER CENT. (OPT) AND SINCE THE ECONOMIC GROWTH HAS BEEN RELATIVELY SLUGGISH. BUT THE OUTLOOK NOW IS FOR AN ECONOMIC UPTURN -- FOR THE REST OF THIS YEAR, AND FOR 1977. (END OPT)

SOME OF THE ECONOMIC INDICATORS THAT WERE WEAK HAVE ALREADY TURNED AROUND. RETAIL SALES HAVE PICKED UP SINCE AUGUST -- AND THEY ARE BROADLY BASED. IN AUTO SALES, IN APPAREL, IN HOME GOODS. AND A QUICKENING PACE OF SALES IS EXPECTED WITH THE TRADITIONAL CHRISTMAS BUYING AHEAD.

HOUSING'S CONTRIBUTION TO ECONOMIC GROWTH APPEARS LIKELY TO INCREASE. IN AUGUST, NEW STARTS FOR A SINGLE-FAMILY HOMES WERE AT AN ANNUAL RATE OF ONE POINT TWO MILLION UNITS. BUILDING PERMITS ARE RUNNING WELL AHEAD OF ONE-YEAR AGO.

SPENDING BY INDUSTRY ON NEW PLANTS AND EQUIPMENT WILL PICK UP SPEED AS MONEY APPROPRIATED FOR THIS PURPOSE IS PUT INTO USE. (OPT) ACTIVITY IN THIS SECTOR -- CALLED CAPITAL SPENDING -- HAS NOT BEEN AS VIGOROUS AS SOME EXPERTS HAD ENVISIONED. BUT IT MUST BE OBSERVED THAT IN MANY INSTANCES CAPITAL APPROPRIATIONS HAVE BEEN AS MUCH AS SIX MONTHS AHEAD OF THE ACTUAL SPENDING FOR CONSTRUCTION AND MACHINERY. (END OPT)

ONE OF THE MOST IMPORTANT AREAS OF THE CAPITAL GOODS SECTOR -- MACHINE TOOLS -- IS SHOWING CONSIDERABLE STRENGTH. NEW ORDERS FOR METAL CUTTING AND FORMING MACHINE TOOLS WERE TWO-HUNDRED-FOUR MILLION DOLLARS IN AUGUST -- THE HIGHEST

LEVEL SINCE MID-1974.

THERE ARE POTENTIAL PITFALLS ON THE ECONOMIC HORIZON. ONE IS INFLATION. THE RISE OF NEARLY ONE PER CENT (0.9) IN WHOLESALE PRICES FOR INDUSTRIAL COMMODITIES IN SEPTEMBER COULD RESULT IN CONSUMER PRICES CLIMBING MORE FROM PRESENT LEVELS BY NEXT YEAR. THIS WAS THE FOURTH STRAIGHT MONTH OF INDUSTRIAL PRICE ADVANCES.

ANOTHER ECONOMIC PROBLEM IS FINDING MORE JOBS. ALTHOUGH MORE AMERICANS NOW ARE EMPLOYED THAN EVER BEFORE, THE EMPLOYMENT RATE HAS REMAINED HIGH. THIS IS MAINLY BECAUSE WOMEN AND TEENAGERS HAVE BEEN MOVING INTO THE LABOR FORCE FASTER THAN NEW JOBS ARE OPENING UP.

STILL, THE BLOTCHES ON THE PICTURE DO NOT OUTWEIGH THE EVIDENCE FOR A CONTINUING, IF SLOWER, ADVANCE IN THE U.S. ECONOMY.

JS/PY